## Message Text

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INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-00 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /131 W

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R 270910Z FEB 77

FM USINT BAGHDAD

TO SECSTATE WASHDC 4223

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BONN

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONJBN

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY QUIHO

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

LIMITED OFFICIAL USE BAGHDAD 0367

E.O. 11652: N/A TAGS: ENRG IZ

SUBJECT: IRAQI OIL MINISTER RENEWS CALL FOR PROGRAMMING

OF OIL PRODUCTION

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1. WILLIAM BRANIGIN OF MCGRAW HILL PUBLICATIONS (ALSO A STRINGER FOR WASHINGTON POST AND NEWSWEEK) HAS BRIEFED USINT ON INTERVIEW HE HAD ON FEBRUARY 22 WITH IRAQI OIL MINISTER TAYIH ABDUL KARIM. ABDUL KARIM CALLED FOR HOLDING OF AN EXTRAORDINARY MEETING OF OPEC ELEVEN FOR PURPOSE OF PROGRAMMING OIL PRODUCTION OF THE

ELEVEN TO SHARE THE BURDEN OF THE TWO-TIER PRICE SYSTEM IN THE EVENT THAT SAUDI ARABIA CARRIES OUT ITS THREAT TO INCREASE OIL PRODUCTION. ABDUL KARIM STATED THAT IRAQ IS NOT "EXEMPT"

FROM THE EFFECT OF THE PRICE STAUCTURE
PESUI TING EPOM THE DOHA CONFEDENCE HE

RESULTING FROM THE DOHA CONFERENCE. HE STATED THAT SAUDI ARABIA HAD REJECTED QATARI PROPOSAL TO RAISE THE PRICE OF SAUDI OIL 10 PERCENT IN EXCHANGE FOR CANCELLATION OF 5 PERCENT ADDITIONAL INCREASE SCHEDULED FOR JULY 1977. HE ADDED THAT GOI IS ADHERING TO THE DECISION OF THE OPEC ELEVEN WITH REGARD TO THE "MINIMUM PRICE LEVEL INCREASE."

2. COMMENT: MINISTER OF OIL'S STATEMENT APPEARS TO BE FIRST PUBLIC ACKNOWLEDGEMENT THAT GOI IS FEELING THE IMPACT OF THE DOHA PRICE STRUCTURE. HIS ASSERTION THAT GOI IS ADHERING TO THE 10 PERCENT PRICE INCREASE AGREED AT DOHA IS CONTRADICTED BY PUBLIC REPORTS. BRITISH AND JAPANESE EMBOFFS, WHO HAVE BRIEFED US ON TALKS THEIR COMPANIES RECENTLY HELD WITH GOI, SEEMED CONFIDENT THAT IRAQIS WOULD MODIFY THEIR PRICE STANCE, AT LEAST IN PRIVATE

DEALINGS. REPRESENTATIVE OF AMERICAN MAJOR
WHO WAS IN BAGHDAD RECENTLY ALSO CONCLUDED THAT IRAQIS WOULD
TAKE A "BUSINESSLIKE" APPROYCH TO PRICE ISSUE AND DO
WHAT MARKET REQUIRED. WE DOUBT THAT IRAQI ATTACHMENT TO
IDEA OF PRODUCTIONPROGRAMMING BY OPEC ELEVEN INCLUDES
IRAQI WILLINGNESS TO SCALE BACK ITS OWN PRODUCTION
SCHEDULES, WHICH ARE GEARED TO AMBITIOUS DEVELOPMENT
PROGRAM. IRAQIS MAINTAIN THEY ARE STILL CATCHING
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UP FOR PRODUCTION LOST IN PERIOD FOLLOWING NATIONALIZATION OF WESTERN CONESSIONS.

MACK

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NNN

## Message Attributes

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TAGS: ENRG, IZ, OPEC

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